

STATEMENT OF
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COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

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OPENING REMARKS

Good morning Mr. Chairman, and distinguished Members of the Committee. My name is Michael Owen, and I am the Director of the Office of Legacy Management (LM) at the Department of Energy.

This time last year, I testified before this Committee on the Department's proposal to establish LM. This Committee expressed support for this proposal in the Defense Authorization Bill for FY 04 and included language recommending merging the Office of Worker and Community Transition (WT) with LM. The Department has merged the two offices, and I can report to you that the establishment of this Office will enable additional progress in our efforts to address the consequences of our former nuclear weapons production program. This is an important time for the Department, and we are now positioned to continue focusing DOE programs and personnel on achieving the diverse missions of the Department, including assisting the Environmental Management program (EM) with their focus on risk reduction and site closure. LM is one element that will enable the Department to continue this progress.

LEGACY MANAGEMENT MISSION AND VISION

I want to take this opportunity to describe the mission and vision for LM.

LM's mission is to manage the effects of certain changes in the Department's mission requirements and ensure the future protection of human health and the environment. Our mission is to ensure Departmental legacy responsibilities are managed in a manner that best serves Department workers, communities, and the environment. This vision includes several elements:

- Human health and the environment are protected at closed sites, through effective environmental surveillance and maintenance.
- Key records and critical information are preserved and made publicly accessible.
- Public trust is sustained through cooperative partnerships with stakeholders and state, tribal, and local governments.
- Effective oversight and management of health and pension benefits of the Department's former contract work force, who have been instrumental to the successful conduct of our missions;
- Federal land and other assets are returned to the most beneficial use consistent with the Department's mission requirements; and

- Impacts of departmental work force restructuring have been mitigated, working in partnerships with Departmental workers, labor unions, and communities to adapt to changes in the Department's missions;

LEGACY MANAGEMENT FY05 FUNDING REQUEST

LM's FY05 budget request is just over \$66 million. This funding request will enable us to conduct our mission. The environmental surveillance and maintenance efforts require approximately \$28 million. The pension and benefit continuity program for former contractor personnel requires approximately \$22 million. This funding provides benefits at three sites: about \$14 million for former contractor personnel associated with the Paducah, Kentucky and Portsmouth, Ohio sites; and, approximately \$6.5 million for the former contractor employees at the Pinellas Plant in Florida. For the planned 2006 closure sites, \$1.5 million will be used to prepare for the administration of pension and retiree benefits. The remaining \$16 million includes \$2.5 million for worker transition activities, and roughly \$13.5 million for program direction.

This request does not include funding to sustain the community transition program. Over the past ten years, the Department has reduced its contractor work force by 50,000 employees. At the same time, the affected communities have received over \$280 million in financial assistance. This assistance has resulted in the creation or retention of more than 32,000 jobs. At this point, the Department is projecting a decreased need for additional community transition assistance. This is largely attributed to stabilization of the Department's missions and the effectiveness of the community reuse organizations across the country in assisting displaced former DOE contractor employees.

THE OFFICE OF LEGACY MANAGEMENT ORGANIZATION

Over the past year, the Department has worked hard to create an Office that addresses the concerns of our work force, our communities, and the environment. Since LM is a new organization I will take a brief moment to describe the offices within LM. Also included, on the last page of my statement, is a copy of the LM organization chart.

The Office of the Director oversees all functions of the Office and reports to the Under Secretary, Energy, Science and the Environment. The Office of Strategic Materials is the former Asset Management Program under, the old Office of Worker and Community Transition, and manages the Department's strategic material stockpile. The Office of Stakeholder Relations is our liaison with, state, local and tribal governments, and coordinates our external communication with many stakeholder groups. The Office of Budget manages the Office's finances, budget request and coordination. The Office of Business and Resource Management provides human resources support for LM, assists in long-term surveillance and maintenance, as well as oversees and manages the large and complex issue of records management, which I will touch on later.

The Office of Legacy Benefits, Work Force Restructuring and Labor-Management Relations oversees all work force restructuring efforts and labor relations across the Department's complex, as well as the new function of legacy benefits, or post-closure benefits which I will also describe later in my testimony. The Office of Property Management and Community Assistance manages disposition, leasing, and reuse of the Office's real property and works with other agencies and external organizations to transfer real property from the Department. The Office of Policy and Site Transition develops policy and guidance in close coordination with EM for accepting EM sites into LM. Finally, the Office of Land and Site Management monitors and maintains environmental remedies such as long-term surveillance and maintenance at LM sites.

We have built an integrated team of LM personnel to accomplish our mission. Federal staff are located strategically in key locations to minimize travel costs and maximize customer service. Our staff locations include Washington D.C., Grand Junction, Colorado; Morgantown, West Virginia; Pinellas, Florida, and Pittsburgh, Pennsylvania.

ENSURING THE EFFECTIVE MANAGEMENT OF POST CLOSURE ENVIRONMENTAL RESPONSIBILITIES

The Department's environmental legacy responsibilities stem primarily from the activities of the Department and predecessor agencies, particularly during World War II and the Cold War. Currently, LM is responsible for long-term surveillance and maintenance activities at more than 50 sites where active environmental remediation has been completed. The majority of these sites are either Uranium Mill Tailings Radiation Control Act (UMTRCA) sites or sites associated with the Formerly Utilized Sites Remedial Action Program (FUSRAP). In addition we have responsibility for three Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) sites: Weldon Spring Site in St. Charles County, Missouri; the Monticello site in Utah, and the Young-Rainey Science, Technology, and Research (STAR) Center in Largo, Florida at the former Pinellas Plant site.

As EM continues to accelerate cleanup sites will be ready for closure earlier than previously predicted. However, that acceleration will not eliminate the post-closure responsibilities and environmental liabilities. LM has been established and organized to support EM's accelerated closures and ensure that all departmental post-closure responsibilities and liabilities are effectively and efficiently addressed. LM and EM will work seamlessly to ensure a smooth handoff of responsibilities at these sites. In the near term these sites include the Department's Rocky Flats facility in Colorado and the Mound and Fernald facilities in Ohio. All three sites are scheduled to be remediated, closed, and transitioned to LM for long-term surveillance and maintenance by FY07. Over the next five years, the number of sites managed by LM is projected to grow to approximately 105. The majority of the new sites transferred into LM will be those associated with UMTRCA Title II and FUSRAP sites currently being remediated by the U.S. Army Corps of Engineers.

Once sites have been accepted and transitioned to LM, the Office performs long-term surveillance and maintenance to ensure the environmental remedies remain protective of human health and the environment. Working with EM closure sites, the regulators, and the communities, LM also develops long-term surveillance and maintenance plans, provides post-remediation expertise, and assistance to sites with their transition to LM. Environmental surveillance and maintenance requirements differ according to the nature of the individual site but generally include: groundwater monitoring and treatment; maintaining of adequate institutional controls; record keeping; radiological surveys; repairs to waste disposal cell caps and covers; and erosion control and periodic inspection and the preparation and submission of post-closure regulatory documentation.

MANAGE LEGACY LAND AND ASSETS, EMPHASIZING SAFETY AND REUSE, AND DISPOSITION

LM is also charged with the transfer or reuse of sites that no longer support an ongoing Departmental mission and possible disposal of properties in long-term surveillance and maintenance. As such, LM works with other agencies and organizations to transfer real property from the Department, and supports other Departmental elements in reviewing transition plans and closure plans to facilitate the transfer of real and personal property assets to other agencies, private organizations, or private interests. The function of the community transition program from WT falls under this Office, and includes assisting DOE communities in acquiring excess Departmental personal or real property for economic development purposes.

At this time the Department's priority focus is to transfer or lease portions of federal properties associated with the following sites: the Weldon Spring site in Missouri; the New Brunswick Laboratory and the Wayne Site in New Jersey; the Salmon site in Mississippi; the Mound site in Ohio; the Eastern Tennessee Technology Park in Tennessee; the Rocky Flats Environmental Technology site in Colorado; and the Hanford site in Washington.

ENSURING THE EFFECTIVE MANAGEMENT OF POST- CLOSURE CONTRACTOR RESPONSIBILITIES

The completion of missions at certain Department sites also has an impact on the former contractor personnel at the respective sites. When the site contractor's cleanup functions are complete, pensions and other long-term benefits due to former contractor personnel still need to be administered; however, there will no longer be a contractor on site to administer these benefits. Therefore, LM implements Departmental policy concerning closure site contractor employees for continuity of their post-closure and retiree benefits, and will coordinate on procurement concerning contractor benefits after closure.

Additionally, a significant increase in pension and long-term benefit administration will occur in the near future. In the past, the administration of pensions and benefits at closed

sites was transferred to other DOE contracts. For example, the administration of pensions and benefits at Pinellas was transferred to an Albuquerque contractor. With the planned closure of Rocky Flats, this practice would no longer be a viable option given the magnitude of the Rocky Flats pension and benefit plans. Rocky Flats is scheduled to close by the end of Fiscal Year 2006. The Department's objective is to avoid benefit interruption or inconvenience to plan participants, to maintain or improve quality of service, and to develop a flexible approach to accommodate future closure sites. LM is currently establishing a program to oversee the continuation of benefit payments that the Department through its contractors, is committed to provide for former contractor employees at closed sites.

PRESERVE AND PROTECT LEGACY RECORDS AND INFORMATION

Integral to the cleanup and closure of sites is the preservation and protection of records and information. LM will develop a plan for accepting and maintaining all records transferred to the Office. These records include, but are not limited to, historical site records, long-term surveillance and maintenance records, former contractor personnel records, and classified records. The Office will also manage records including the collection, storage, maintenance and retrieval of electronic and physical records as well as database and systems needed to support LM activities. For example, the three closure sites, Rocky Flats, Mound and Fernald will have, by closure, approximately 167,000 cubic feet of records that must be managed by LM. As sites continue to transition to LM, we expect that volume of hard copy records may exceed 225,000 cubic feet. These volumes do not include records for which special handling will be needed. These include X-rays, photographs and negatives, video and audio-tapes, and architectural drawings.

CONCLUSION

In closing, the Secretary is dedicated to ensuring the Department's commitment to the environment, our stakeholders, and our workers – past and present. We recognize that the Department has responsibilities to the former contractor workers and communities following the completed remediation and closure of sites. The continued involvement of stakeholders including state, tribal, and local governments, is critical to meeting these responsibilities. To this end, we will vigorously promote an effective mechanism that provides for, and encourages, active public participation.

Mr. Chairman, and Members of the Committee, that concludes my statement. I appreciate the opportunity to testify before you today, and I will be happy to answer any questions you may have.

Office of Legacy Management

